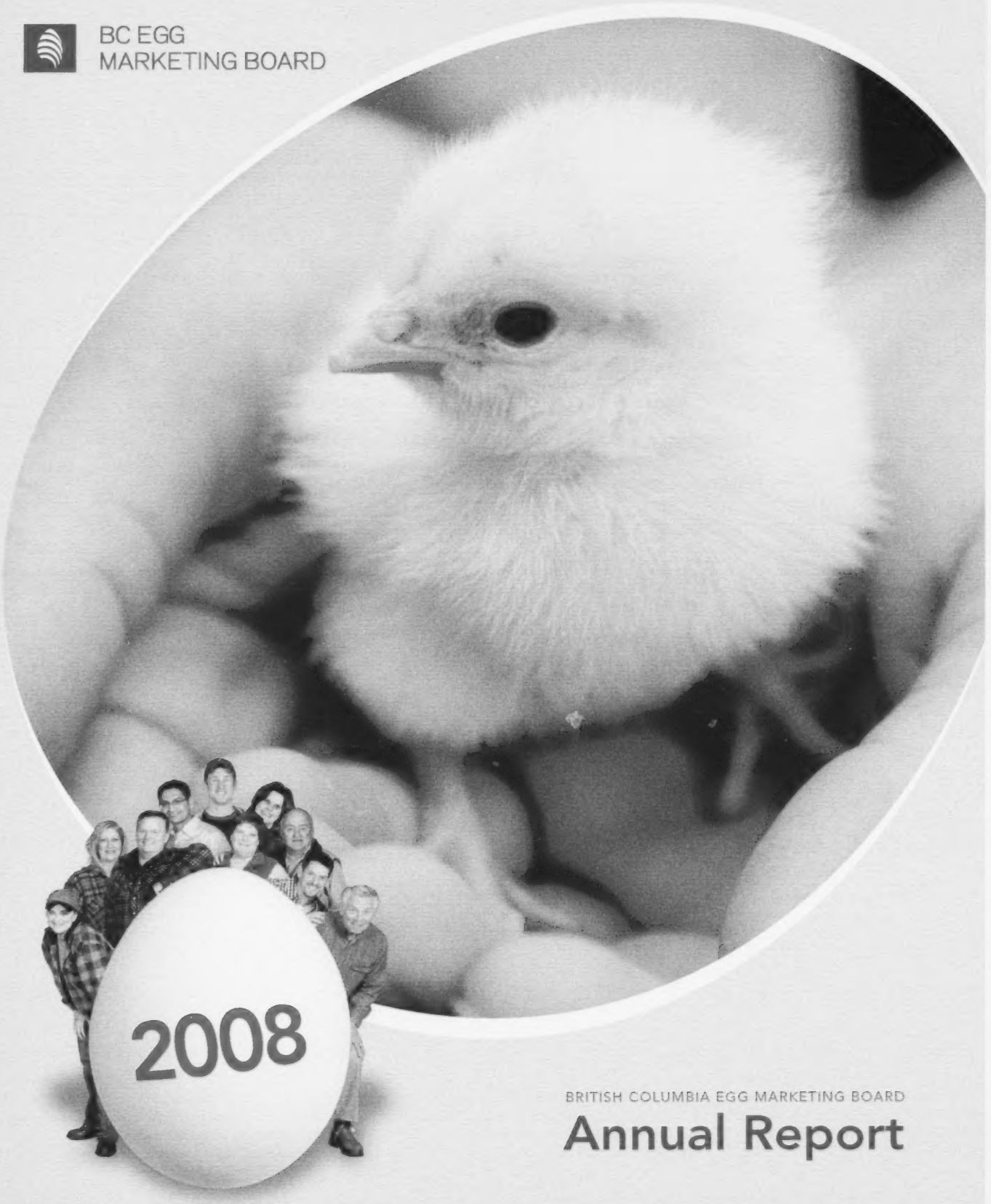
BC EGG
MARKETING BOARD



BRITISH COLUMBIA EGG MARKETING BOARD

Annual Report

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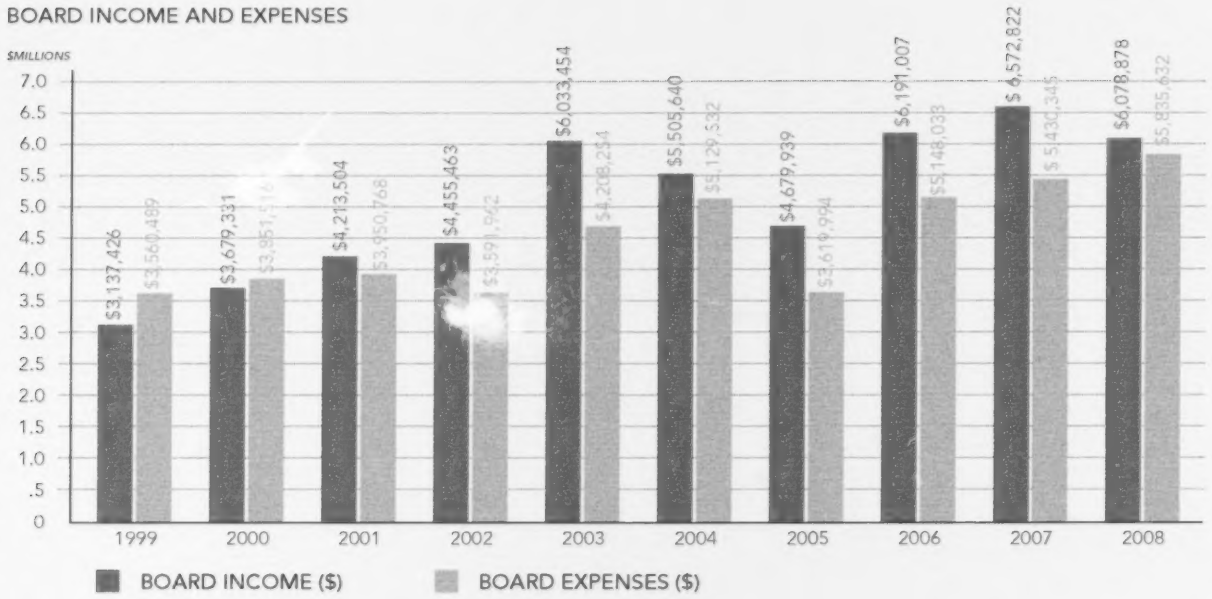
Industry at a Glance

BOARD INCOME AND EXPENSES



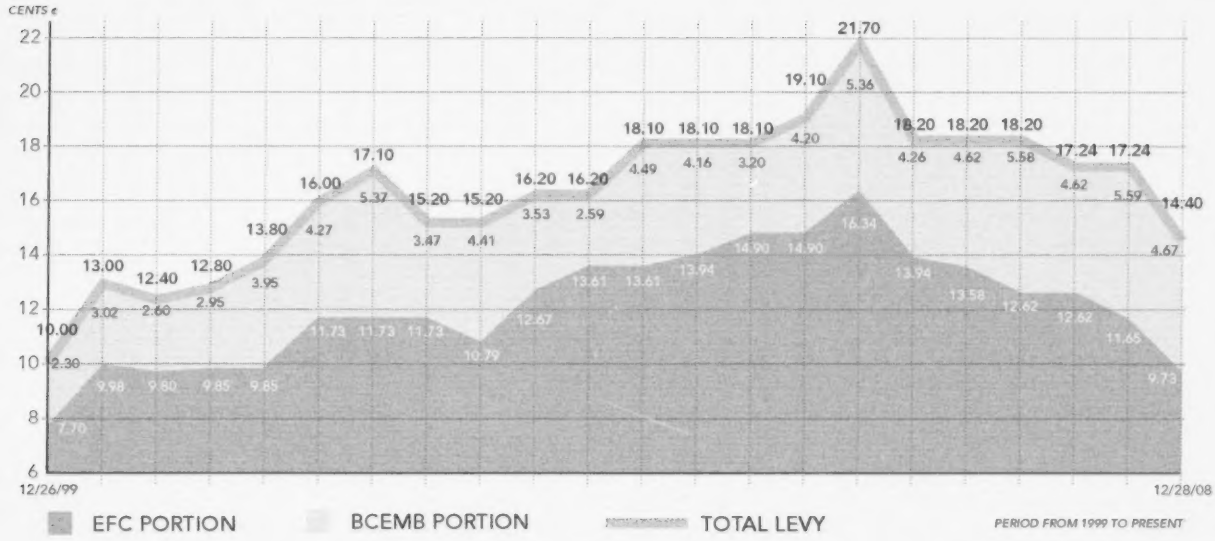
DISTRIBUTION OF EXPENSES (%)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net IP, Pickup, Fowl	33.99	36.89	44.73	39.24	44.16	22.72	68.15	43.27	37.87	36.78
Board Expenses	11.21	13.27	10.56	13.94	13.12	12.52	19.17	11.48	13.32	12.46
Net Marketing & Communications	29.30	18.10	12.71	13.58	13.93	10.11	16.52	15.91	15.85	18.33
Salaries	14.39	17.17	16.72	18.67	16.17	14.66	25.14	19.03	21.97	18.71
Legal & Consulting	2.35	2.69	2.06	3.91	3.14	3.35	4.65	4.61	5.51	4.94
Other	8.76	11.88	13.22	10.66	9.48	36.64	-33.63	5.70	5.48	8.79
TOTAL (%)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

"As an egg farmer, I'm very proud to be working in Canada and providing BC consumers with fresh, high-quality eggs. We care a lot for our hens and we do the research to make sure we're giving our hens humane care."

– DAN KAMPEN

LEVY PAID BY REGISTERED PRODUCERS (CENTS PER BIRD)

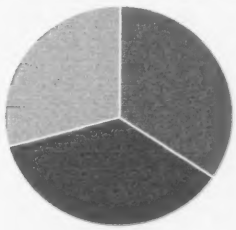


EGG PRODUCTION - 2007 vs. 2008

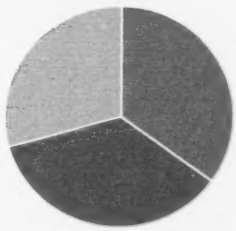
2007	
Classic white	83.67%
Classic brown	7.16%
All other	9.17%

2008	
Classic white	80.47%
Classic brown	8.57%
All other	10.96%

ALL OTHER EGG PRODUCTION - 2007 vs. 2008



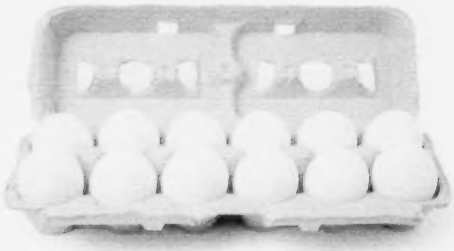
2007	
Free run	34.37%
Free range	36.30%
Organic	29.33%



2008	
Free run	34.98%
Free range	35.44%
Organic	29.58%

PROVINCIAL QUOTA EXCHANGE RESULTS - 2008

2008	# OF LAYERS	# OF FARMS
Quota offered	48,123	5
Successful bids	45,717	8
Quota assessed	2,406	–



In 2008:

Number of BC Eggs Graded

63,305,925 dozen

In 2007: 61,851,690

Farm Gate Value

$105,429,588

In 2007: $95,155,091

TOTAL IMPORTED (DOZENS):

Alberta	5,795,850	(89%)
Prairies	687,360	(11%)
TOTAL	**6,483,210***	**(100%)**

* 432,214 BOXES

AVERAGE BC PRODUCER PRICES (CLASSIC WHITE): 2004-2008

GRADE	2004	2005	2006	2007	2008
Jumbo	$1.68	$1.60	$1.61	$1.68	$1.78
Extra large	$1.71	$1.63	$1.64	$1.71	$1.81
Large	$1.68	$1.60	$1.61	$1.68	$1.78
Medium	$1.52	$1.44	$1.45	$1.45	$1.57
Small	$1.16	$1.08	$1.09	$1.06	$1.16
Pee wee	$0.32	$0.35	$0.37	$0.37	$0.37
B	$1.46	$1.38	$1.39	$1.46	$1.56
C	$0.51	$0.31	$0.23	$0.28	$0.15

PERCENTAGE BC EGG GRADINGS BY SIZE: 2004-2008

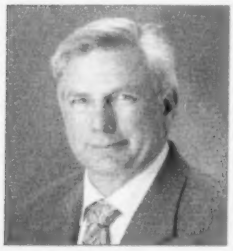
GRADE	2004	2005*	2006	2007	2008
Nest run	9.94	16.00	12.78	9.82	11.06
Jumbo	3.57	2.84	2.73	3.67	3.92
Extra large	16.58	14.54	19.39	24.97	25.34
Large	46.81	45.08	46.15	42.56	41.40
Medium	15.42	15.07	12.40	12.35	11.89
Small	2.23	1.60	1.14	1.36	1.23
Pee wee	0.40	0.28	0.19	0.23	0.20
B	0.17	0.08	0.05	0.03	0.02
C	2.60	2.26	2.86	2.67	2.34
Rejects	2.28	2.25	2.31	2.34	2.60
TOTAL (%)	100.00	100.00	100.00	100.00	100.00

* includes Week 53.

"We love to care for our chickens."

– ROB MARTENS

Chairman's Report



The 2008 British Columbia Egg Marketing Board Annual Report describes a successful year of Board operations. To complement the year-end summary are some important highlights of the successes of the past year and some of the challenges that lie ahead to maintain the effective operations of the Board.

2008 was the first full year of Board operations under a management team directed by General Manager, Al Sakalauskas, and significant improvements have been accomplished at the Board office. Automation of office functions, and improvement to financial controls and audit procedures has raised professionalism at all levels of Board activity.

Major issues for the Board in 2008 were:

- public opposition to cage egg production;
- potential tariff reductions on eggs coming into Canada and other political threats to supply management;
- increased demand for specialty eggs;
- biosecurity and food safety;
- increases in egg consumption (4% increase in 2008 over 2007).

These initiatives will require ongoing attention in terms of policy decisions and administration and will continue to be developed in 2009.

In future it will become increasingly important for egg producers to communicate with government officials, customers, and the general public on the issues listed above as well as any new concerns to the egg industry. Communication requires effort and funding. For the first time, the BCEMB established a communications program under the capable direction of Grace Cho with the objective to proactively present the facts about eggs and egg producers while responding to consumer issues as they arise.

The Board of Directors has been active in formulating the first Board Governance Manual that will see the Board take responsibility in providing direction, leadership, and control of the organization under a comprehensive set of guidelines. The Board of Directors will also finalize a Strategic Plan that will focus on five major areas of concern identified by producers and other industry stakeholders. Directors will continue to maintain contact with government officials, egg producers, customers, and egg producing organizations in other provinces and countries.

The Board also has the responsibility for supporting management in creating a progressive and innovative work environment to enable staff to conduct the business of the Board. The BCEMB is well-equipped with capable and committed directors, management, and staff to deal with the challenges of continually improving competence, growth, and communication in a fiscally responsible manner.

Thank you to Vice Chairman Fred Krahn, and Directors John Penner, Walter Siemens, and Ken Vanderkooi for their support and education of the newly appointed Chair. Thanks also to Al Sakalauskas, Anne-Marie Butler, Finance Manager; Mike Gillanders, Operations Manager; Megan Ward, Executive Assistant; and all BCEMB staff for a job well done.

Richard King, P.Ag.
Chair

EFC Director's Report

We made great strides this past year at Egg Farmers of Canada (EFC) achieving many of our 2008–2011 Business Plan objectives. Our financial situation and fund balances are healthy, retail table eggs sales are on the rise, and we're witnessing more efficiency than ever before in the Industrial Product Program. We also adopted a new name and purchased a building with three agriculture partners.

Through the concerted efforts of staff and producers, EFC continues to uphold its reputation as a leader in on-farm food safety and animal care. As there are still many goals to achieve, I look forward to working closely with the EFC Board of Directors and with all British Columbia egg producers on these and other important initiatives in 2009.

New Name and Building

Acquiring a new building fulfilled our Chairman Laurent Souligny and CEO Tim Lambert's shared vision of an agriculture campus in the heart of Ottawa. After moving in August, we now share office space with the Canadian Federation of Agriculture, Dairy Farmers of Canada, and Canadian Hatching Egg Producers. Incidentally, the move coincided with the launch of our new Egg Farmers of Canada name and corporate identity. To find the right fit, we consulted consumers and people within the industry. Our new name is something egg farmers can be proud of and we have already started to see some benefits in terms of our relationships with various stakeholders.

Financial Report

When compared with recent years, the Canadian egg industry experienced fairly robust market conditions in 2008. The unrestricted portion of the Pooled Income Fund was well above our upper trigger point this year. In response, the EFC Board of Directors has been reducing levy steadily throughout 2008. Our proposed 2009 levy order of 20.25 cents, a 9 cent reduction over last year, was approved by National Farm Products Council in December.

Some of the positive factors affecting our financial position include a decrease in year-over-year industrial product declarations and a consistently higher-than-average base price for eggs. These factors were offset somewhat by a relatively strong Canadian dollar and buyback price. While exchange rates and the U.S. price are outside of our control, EFC's ongoing efforts to streamline the Industrial Product Program have produced notable savings.

There is no question the egg industry is susceptible to both foreseen and unforeseen risks, so in 2008 the Board of Directors boosted the Risk Management Fund with a transfer from the Research Fund. The Board is also allocating 1.25 cents in levy to the fund, of which 0.25 cents is being re-directed from the Research Fund. Going forward, this quarter cent will eventually revert back to the Research Fund.

Trade

Egg Farmers of Canada and our supply management partners continue to have deep concerns about the ongoing World Trade Organization (WTO) negotiations. Attempts by the WTO's 153 members failed to conclude the current Doha Round of negotiations this past year. This process reached a climax in the summer, when ministers traveled to Geneva aiming to sign a deal that would impact trade in agriculture products, including those produced under supply management in Canada. Despite intense negotiations in July, the gaps between members' positions remained too wide to overcome and the talks collapsed.

Since then, further efforts were unsuccessful to bring ministers back to Geneva for another attempt at securing a deal. EFC remains very concerned, however, as the revised draft modalities text contains elements that would significantly lower our tariffs and increase access to our markets. The possibility of this text remaining on the table for future negotiations is a great concern to us, as these elements are completely unacceptable.

EFC remains in regular communication with the federal government on this issue, offering our cooperation and support. In 2008, our executive met on a regular basis with the federal government's Deputy Minister of Agriculture and Agri-Food and Canada's chief agriculture negotiator. In May, EFC Chairman Laurent Souligny and Federal Minister of Agriculture and Agri-Food Gerry Ritz spoke at our annual breakfast on Parliament Hill for MPs and Senators. We also worked closely with our national and provincial supply management colleagues to convey a consistent message around trade.

In the coming year, we will continue to monitor the progress of the talks and expend every effort working with government to ensure our industry is not negatively impacted by a new WTO deal.

Animal Care

As egg producers in British Columbia, we are working to ensure our farms are maintained according to credible criteria. We know that providing responsible care for our hens is a top priority, which is why EFC introduced new cage density guidelines in April. At the time, EFC also mandated that producers score at least 85% to pass their animal care rating. This pass mark will increase to 90% in 2009. Meeting the guidelines found in the Code of Practice is the right thing to do and shows that we care for our hens.

The U.S. presidential election in November also saw the passage of Proposition 2 in California where the majority voted for a state-wide ban on cage housing with full compliance by 2015. Cage bans will likely be considered in other states and possibly one day in Canada. A few municipalities, educational institutions, and hospitals have already considered this and in some cases adopted "cage-free" resolutions - resolutions that are not legally binding, but could impact foodservice sourcing decisions. Provincial boards in various provinces, including British Columbia, have contacted municipal officials to provide information about the egg industry. Meanwhile, EFC has been speaking with retailers as well as provincial chapters of the Canadian Association of Foodservice Professionals.

Animal Health

A continuing challenge for our industry is ensuring adequate compensation for producers in the event of an avian influenza incident. As in previous years, EFC has been working with the federal government to arrive at a solution. These efforts took on an added urgency this August when the federal government began a mandatory on-farm testing program for commercial poultry flocks, including laying hens.

If flocks are ordered destroyed due to avian influenza under the *Health of Animals Act*, egg producers need assurances their livelihoods will not be compromised as a result. To date, it is felt that neither the government's $8 per hen maximum nor its new *Growing Forward* suite of programs would provide the necessary assistance in an emergency. Although no flock tested as part of the surveillance program has been positive for AI, it remains a possibility. As a result, EFC will continue to advocate on behalf of all Canadian egg producers until this issue is successfully resolved. This gap in fair compensation is in part why we are rebuilding the Risk Management Fund.

Marketing

Toward the latter half of 2008, Neilsen data showed a 4.1% increase in table egg consumption nationwide compared with 2007, surpassing the national and provincial marketers' goal of 1% growth. Our messages continued to emphasize the importance of eggs providing lasting energy. EFC also strived to lower the number of people limiting egg consumption due to cholesterol concerns. Our aim is to convey the message that dietary cholesterol is normally not associated with blood cholesterol, and that omega-3 enhanced eggs are a good choice for heart health. To achieve this goal, EFC has created a *Healthy Choices* kit that doctors can give to their patients the moment they are diagnosed with high blood cholesterol. We will expand this program in 2009.

Some key factors behind the increase in table egg consumption include our successful *Get Cracking®* television ads, our first-ever national on-carton promotion with graders, as well as our sports marketing partnerships with Hockey Canada and the Canadian Soccer Association with the *Eggstreme* hockey and soccer programs. In British Columbia, EFC sponsored six hockey tournaments and two soccer festivals.

There is no question our national and provincial marketing programs and promotions are achieving their desired effect. We are aiming for 1.5% growth in 2009.

Research

Science plays a key role in advancing the egg industry's knowledge of nutrition and production management techniques. As such, EFC continues to support numerous research projects at institutions across Canada. In 2008, EFC worked to finalize a funding agreement with the Poultry Research Centre at the University of Alberta. The Research Committee also looked at establishing Research Chairs in several fields impacting egg research at universities. One of our most important research partners remains the U.S.-based Egg Nutrition Centre, with whom we continue to collaborate and share research results.

With regard to specific projects in 2008, researchers at McGill University investigated how vitamin D intake through daily egg consumption affects health. Meanwhile, another group in Quebec studied the effects of two *Salmonella enteritidis* vaccines on laying hens and their eggs. At the University of Manitoba, a research team examined the folate content in eggs to determine the benefits for pregnant women and help reduce the chances of neural tube defects in the developing fetus. Toward the end of the year, a new study related to enriched cages began in Nova Scotia while EFC's Research Committee was reviewing the University of Guelph's 18- versus 19-week light stimulation project for determining the optimal time to transfer pullets to the laying barn. In 2009, researchers will be studying antioxidants as a unique way to fight disease.

Cost of Production (COP) Committee

With the unprecedented fluctuation in feed and transportation costs in 2008, some producers expressed concerns that the COP formula, which ensures a fair rate of return for producers, was not accurately reflecting their increased expenses. EFC explored various measures in 2008 to address the issue. For example, we reduced the lag in updating certain cost components, analyzed the baseline to ensure the methodology was factual, defensible and auditable, and finally, we investigated improved updating methodologies. Preparations are already underway for the 2009 COP Survey which will be carried out in 2010. Producers can expect to hear more about this from EFC in the coming year.

Meanwhile, the Economics, Statistics and Pricing (ESP) Unit has been working closely with the COP Committee, EFC Directors, provincial boards and producers to increase the participation rate on our Producer Panel Feed Survey to reach 30% in all provinces. In brief, EFC launched the survey a year ago to capture the most accurate and up-to-date feed costs directly from producers, with the objective of eventually replacing Agriculture and Agri-Food Canada as our single source of feed price data in the COP updating methodology. In November, the EFC Board resolved to continue collecting and evaluating data only from producers who purchase finished feed because, at this time, these costs prove to be more verifiable than cost information for feed grown or mixed on the farm. Although participation is still not as high as required for us to be able to use the producer panel as the new feed updating methodology, we are optimistic that more producers will submit their finished feed price data to EFC on a regular basis in 2009.

National Egg Supply

EFC's National Egg Supply Team (NEST) is made up of provincial and national representatives who review supply issues and develop recommendations for the EFC Board of Directors. The NEST objective is to more closely align egg production levels with the varying levels of demand that exist from market to market. In 2008, NEST worked on a variety of projects, including the development or updating of policies for Specialty Eggs, Early Fowl Removal, Quota Credits, and industrial product pricing. The NEST will report on these projects to the Board of Directors at the EFC Annual General Meeting in March 2009.

Respectfully submitted,

Fred Krahn
Vice-chair and EFC Director

Board Governance

The BC Egg Marketing Board's (BCEMB) Board of Directors (Board) is composed of four elected Directors and an independent Chair appointed by the provincial government. Election procedures for regional representation were recently changed to allow any BC registered producer to represent regional interests providing there was electoral support from that region.

The Board's mandate is to develop and implement procedures, programmes, and initiatives required to maintain and promote the BC table egg industry. The Board also ensures that administration, operation, and management of the organization are performed under best business practices at all times.

In order to support their accountability to the BCEMB and its stakeholders, the Board recently completed a Board Governance Manual that describes the reporting structure, authority, and responsibilities of Board members, management, and committees.

Charter of the Board of Directors

The Board of Directors is responsible for supervising the management of the BCEMB's business affairs. It has the statutory authority and obligation to protect and enhance the assets of the BCEMB and the interests of the BC egg industry. Although Directors are elected by BC egg producers to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interest of the entire industry is always paramount.

The involvement and commitment of Directors are evidenced by regular Board and committee attendance, preparation and active participation in setting goals, and required performance in the interests of all producers.

The General Manager is charged with the day-to-day supervision and management of BCEMB activities. The Board approves the goals, objectives, and policies within which it is managed and evaluates management performance. In turn, Management keeps the Board fully informed, in a timely and candid manner, of the progress of the BCEMB towards the achievement of its goals and of all material deviations from objectives and policies established by the Board.

Clockwise from left: Fred Krahn, Walter Siemens, John Penner, Ken Vanderkooi, and Richard King.

The Board's principle duties fall into the following areas:

- strategy determination;
- risk evaluation;
- monitoring and acting;
- policies and procedures;
- communications;
- financial matters and internal controls;
- board organization and selection, retention and succession of management;
- general legal obligations.

Goals and Philosophy of the BC Egg Marketing Board

The BCEMB is committed to supporting BC egg producers in supplying safe, nutritious, and high quality eggs to BC consumers at prices that are fair to both parties. The Board will encourage innovation in production and marketing of eggs, and will fulfill Board responsibilities in an effective and professional manner. Competence, fairness, and ethical behaviour govern the administration of all Board relationships.

Mission

To provide customers with a supply of high quality eggs at fair prices and egg producers with fair returns within a stable national supply management system.

Vision

A viable BC egg industry operating under the effective leadership of the BCEMB's Board of Directors.

Summary of Committees

The Board has delegated certain of its responsibilities to committees which have specific roles and responsibilities as defined by the Board.

Finance Committee

The newly named Finance Committee has a primary purpose to assist the Board of Directors in undertaking and fulfilling its oversight responsibilities in connection with:

- reviewing and discussing with the auditors and management the audited financial statements and related footnotes included in the Annual Report;
- reviewing the annual budget prepared by management;
- ensuring that an effective system of internal control has been designed and implemented by management;
- reviewing and approving the auditor's annual audit plan and any other non-audit work they perform;
- monitoring the independence and performance of the independent external auditors and, in consultation with management, are responsible for setting the auditor's compensation;
- providing effective communication among the Board, management, and the auditors.

Egg Industry Advisory Committee (EIAC)

The role of the Egg Industry Advisory Committee is to advise the Board on decisions or to make recommendations to the Board on matters concerning pricing or production. Established in accordance with the British Columbia Egg Marketing Scheme, 1967, members are appointed and encompass a wide spectrum of the industry and include producers and allied trades such as breeders, processors, and graders.

In meeting its obligation to provide guidance to the BCEMB Board on issues that affect the industry, the committee met in 2008 to review a proposed Strategic Insights document. Committee members provided valuable feedback for the Board to take into its annual strategic planning session. Some of the topics that were identified as essential included: animal welfare, food safety, and biosecurity, each of which has a direct impact on cost and market response.

In the upcoming year I look forward to another opportunity to work with this dynamic team of professionals and thank them for their contribution to the industry.

Respectfully submitted,
Margaret Oesterle, Chair

Production Management Committee (PMC)

The Production Management Committee is comprised of egg producers whose role and mandate are to act as advocators for and as peer advisors to fellow producers in matters pertaining to production practices and related issues. The PMC pursues formal complaints to the Farm Industry Review Board regarding production practices and is involved in encouraging producers to participate in On-Farm Food Safety and Biosecurity programs. The PMC is a voluntary committee; it is not established under any legislative or regulatory authority, and its only mandate is the one given by its members.

British Columbia egg producers are increasingly pressured to do as good a job as possible in managing their egg farms. Some of the issues we address relate to food safety (Se), the environment (e.g., dust, odours, flies), and ensuring that we manage our farms responsibly with consideration to our neighbours. The PMC continues to work with producers, neighbors, BCEMB staff, and the Board to address any complaints, and to anticipate and meet future industry challenges.

This past year we had a number of complaints with flies. Most of these were related to new egg barns so we are confident that, as the barns become more established and continue to be managed well, there will no longer be complaints about them. We also received neighbour concerns of rodents. The PMC conducted a number of farm visits this past year and they have proven to be beneficial.

We are pleased to report that four more egg production units achieved full accreditation in 2008. In total, we now have 11 farms that have achieved and maintained their accredited status. Recognition for being a "Producer of the Year" is awarded to egg production units that meet the following criteria:

- participation in the national HACCP[1]-based *Start Clean Stay Clean*™ (SCSC) Program with a resulting score of 95% or higher;
- requesting and successfully completing an audit;
- participation in the national Animal Care Program with a resulting score of 95% or higher; and
- the production unit and owner/manager must be in good standing with the BC Egg Marketing Board (i.e., in compliance with the BCEMB's *Standing Orders*).

Producers have all received a *Start Clean, Stay Clean*™ Record Keeping Calendar which is most helpful when used daily.

In closing, I want to thank staff and the Production Management Committee for their continued commitment to providing excellent work this past year.

Respectfully submitted,
John Penner, Chair

Marketing Committee

The Marketing Committee reviews marketing strategies and budget options, and makes recommendations to the Board of Directors. The overall objective is to enhance the BC Fresh Eggs identity. Marketing initiatives are intended to reach BC consumers and may reflect or complement some of the national marketing efforts.

BC Fresh Eggs Programs

Microwaving eggs remains a very strong message and underlies our retail campaigns. In the latter half of 2006 and throughout 2007, our promotions concentrated on introducing "microware" (microwave cooking pans) and the different egg cooking methods possible in the microwave. For 2008, it was only natural to build upon the momentum gained during 2007 to demonstrate the benefits of including eggs in an active life with the added practicality of creating simple and nutritious meals in the microwave.

Having completed our second full year with this message, more retailers now regularly stock a variety of egg "microware" that were featured in our promotions; a testament to the effectiveness of sustained messaging and the growing desire to use these items. Consumers are more aware that eggs can be hardcooked, poached, scrambled, and even made into omelettes and frittatas at the touch of a button, for any meal of the day.

Saputo Foods and the Dairy Farmers of Canada joined us for another successful year of program partnerships. Such partnerships are an invaluable contribution to the BC Fresh Eggs Programs. With 92 in-store food demos at Safeway, Marketplace-IGA, Thrifty Foods and Fairway Markets featuring eggs and cheese, it was an excellent way to showcase the healthy versatility of egg snacks and meals made, literally, in minutes.

In addition to radio sponsorships and television commercials, a free-standing insert (FSI) was placed in the home-delivered issues of the Vancouver Sun. We also took advantage of TV media opportunities during the Beijing Summer Olympics.

In the latter half of 2008, the Marketing Committee reviewed existing marketing programs and considered a rebranding of the *BC Fresh Eggs* identity. The landscape within which egg farmers operate is undergoing a fundamental shift in terms of public perception. British Columbians identify most with local products. In keeping with consumers' values, the main objective of 2008 was to remind consumers of how *BC Fresh Eggs* are a simple and healthy contribution to the BC lifestyle.

[1] Hazard Analysis Critical Control Points.

Sport sponsorship

We are privy to year-round opportunities for being active. To support youth athletes, the BCEMB entered into a 3-year sponsorship with the BC Golf Association (BCGA) and BC School Sports. We are title sponsor of the BC Secondary School Golf Championships with the BC Fresh Egg Cups debuting at the 37th annual championships which took place at the end of May in Osoyoos, Kamloops, and Nelson. A homegrown sponsorship such as this illustrates our commitment to promoting healthy energy derived from balanced nutrition and an active lifestyle.

A "new" logo

The results of a market survey conducted in summer 2008 gave impetus to the decision to adopt a new logo. By associating *BC Fresh Eggs* with the national "Get Cracking®" signature, we convey a national identity of high standards and consistent quality with a BC flavour. By the end of December, the *bcegg.com* website was sporting the new logo which will be used in all marketing media as we move forward.

BC FRESH EGGS
GET CRACKING.
bcegg.com

Market survey

In August, BC-specific market research delved into the purchase behaviours and egg perceptions of different ethnic groups in the Lower Mainland. Eggs are a staple in almost all international cuisines. A globally shared belief is that eggs are a natural and healthy addition to our diets. Some cultural differences in egg perception, however, shed light on potential opportunities that had not been previously explored. These findings may be incorporated into future marketing initiatives.

Respectfully submitted,
John Penner, Chair

Specialty Egg Committee (SEC)

The Specialty Egg Committee was established in 2005 by direction of the BC Farm Industry Review Board (BCFIRB). Comprised of specialty egg producers, egg processors or graders, and one Director of the BC Egg Marketing Board, the committee is responsible for providing the Board with recommendations on policies concerning the specialty market with regard to egg supply and demand.

The committee met twice in 2008 to discuss specific matters that were impacting industry producers and graders alike. Cost of production for all specialty products rose significantly due to the rising cost of feed and placed additional burden on producers. Graders' concerns related to coordinating and managing a supply for which there was an increased demand. A challenge raised again, and one that is often overlooked for organic product, is the years of sacrifice and preparation required for a farm to qualify for certification. In a province that leads the country in demand for these products, it should be recognized that there are substantial financial, food safety, and animal health risks undertaken by the producer who raises these products.

In the coming year, the committee will continue to respond to industry challenges while maintaining that specialty product is raised to provide the consumer with additional choices. It has been a pleasure to work with this diverse group of producers and industry professionals.

Respectfully submitted,
Margaret Oesterle, Chair

"We're market responsive and we're a market responsible industry." – AMYN ALIBHAI

Management Discussion and Analysis

The following discussion presents some key developments during 2008 and a comparative analysis of financial conditions and results of operations for the year ending December 31, with an outlook for 2009.

Overview of Preceding Years: Fiscal 2008 vs. 2007

The financial statements reflect the administrative structure to collect levies and disburse proceeds for the purposes of controlling the supply of eggs, administering various producer accreditation programs, and managing and promoting eggs in BC. As service agent to the national scheme, the BCEMB purchases eggs from producers for resale.

In 2008, BCEMB changed the financial year end to a 52 week calendar to coincide with the Egg Farmers of Canada financial reporting.

Total revenue for the 52 weeks ending December 27, 2008 was $5,707,564, down by $305,279 from fiscal 2007. This decrease reflects a lower levy rate, the calendar change as well as a 40 cent/bird rebate to all producers in good standing at year end.

The Board of Directors' expenses had an overall decrease of $5,740 over 2007. There was an increase in 2008 in events and professional services costs. In 2007, these costs had been included in Board member expenses.

The Board expenses overall were below budget, but travel and events were over budget. The travel budget did not include the costs of attending the International Egg Commission (IEC) conference and WTO talks overseas, and, as mentioned, not all events hosted by the Board had been included in the budget.

Administration had an increase over 2007 from $1,788,508 to $1,892,902 in 2008. This net increase of $104,394 reflects a combination of decreases in salaries and benefits, legal and professional services, and increases in amortization, insurance, telephone and travel costs. As well, the administration expenses include an expense for bad debts reflective of accounts not previously identified which may be uncollectible. The insurance expense has changed as a result of a policy increase. There was also an increase in professional development and travel due to staff training and related travel as well as attendance at the IEC overseas conference. Administration amortization has increased due, in part, to the addition of the computer network.

As compared to the 2008 budget, only the insurance, miscellaneous, travel, and professional services were over budget. There had been no provision in the budget for bad debts, computer, and professional development.

The net marketing and communications expenditures are $207,315 over 2007 actuals. This increase is based on new focused communications initiatives. On the marketing side, there was a decrease in retail and foodservice partner participation in promotional campaigns. Overall, the combined marketing and communications actuals is equal to the 2008 marketing budget.

The BCEMB completes fiscal 2008 with a net asset growth of $243,246 and a continued strong financial position.

In 2008, the documentation management system, staff training, internal control with system redesign, and financial systems manual constituted significant sustained progress with anticipated completion in early 2009.

Fiscal Outlook 2009

The Canadian egg industry is expected to experience continued strong returns while meeting the producers' costs. Uncertainty remains with WTO negotiations and, internally, Saskatchewan continues its challenge of the Federal-Provincial Agreement.

Total expenses are projected overall to be above 2008 as a result of new budgets for communications spending as well as computer, professional development, bad debts, and travel. Communications will be an on-going budget item as the importance of this area will continue through 2009 and beyond. The professional development budget is anticipated to continue after 2009, but at a reduced level. With Vancouver hosting the IEC convention in September 2009, travel and events are anticipated to be at a one-time increased level. In 2008, negotiations that commenced in collective bargaining remain inconclusive and may influence the projected salary costs for 2009.

Key Developments 2008

In mid-2008, producers and the Egg Industry Advisory Committee provided feedback to a strategic insights document which outlined the current state of the BC egg industry. The Board of Directors and the management team reviewed this feedback and identified the following key issues and priorities facing the industry. The following performance results were achieved in addressing those strategic priorities.

Issue: Animal Care

Our social licence to produce a consistent supply of high quality eggs, and to care for our flocks and manage our farms responsibly, is under attack. Social licence is achieved through a sustainable balance between three pillars: science, societal values, and economics. The cost of underestimating the value contributed by each pillar is the loss of our social licence through the actions of others, outside of our control.

We launched outreach initiatives to various decision-makers. We see positive response and support as the BCEMB is increasingly acknowledged as the primary resource for the facts about the BC egg industry and our producers are recognized as experts in the care of their flocks.

With support from staff and communications consultants, egg producers successfully countered a proposed resolution to ban cage egg production. By attending the Union of British Columbia Municipalities (UBCM) convention in September, and by writing to local and/or neighbouring city councils, egg producers reminded municipal leaders and senior government officials of our social license to produce eggs, and informed them of on-going programs and efforts already in place to ensure hen health and food safety.

Success, however, is never assured by a single victory. Preserving our social licence is possible only through sustained, active effort. Egg farmers have a compelling story to share. We are sharing that story more and more, and are encouraging our supporters to do the same.

BCEMB also took an active role in monitoring and responding to the aftermath of Proposition 2 in California's federal election in November. It included developing a strategy to deal with the potential ramifications of Proposition 2 on egg producers in British Columbia.

We ended 2008 on a positive note with the UBCM executive defeating the proposed resolution to ban specific egg production methods. As we move forward into 2009, the Board will implement a program that requires all BC egg producers to achieve and maintain full accreditation in the national *Start Clean Stay Clean™* and Animal Care programs.

Issue: Biosecurity

In 2008, the Board introduced mandatory biosecurity requirements for all registered egg producers. Biosecurity addresses our commitment to hen health by minimizing risk and securing the containment of a major infectious disease incident. All registered BC egg producers are within compliance of the mandatory BC Poultry Biosecurity Standards.

Issue: Market Intelligence

The BCEMB conducted an extensive market study among consumers in the Greater Vancouver Regional District. The flexible nature of the study provides greater insights into consumers' buying behaviour when given a choice of eggs. The results of the research will guide the Board in decisions regarding quota allocation and future marketing efforts.

Issue: Governance

The Board completed and approved a governance manual that includes a Board Charter and documents roles and responsibilities. The Board Governance Manual will be reviewed by relevant parties and will be available to all producers in 2009.

Issue: Supply Management Public Awareness

The Board has been instrumental in securing active support from all supply-managed commodities in British Columbia. Together, the BC dairy, chicken, turkey, hatching egg, and table egg sectors will document the economic and social contributions of supply management to BC communities.

A strategic communications plan has been developed to promote supply management and consultants have been engaged to identify the benefits that supply management brings to our province.

Communications and Public Relations

In line with strategic priorities and direction of the Board of Directors, the BCEMB has been working to expand its public affairs and government relations activities.

A key accomplishment was attending the annual UBCM convention in September. By attending the convention, industry representatives were able to meet with a number of provincial government officials as well as various municipal representatives. These meetings provided an excellent opportunity to increase awareness about BCEMB's position on egg production methods in BC as well as to successfully counter a proposed resolution to ban cage egg farming. As a follow-up, there were further meetings and letters advocating BCEMB's position on the importance of consumer choice, while pointing out the long-term, negative impacts of banning conventional egg farming.

Management's Responsibility for Financial Reporting

The financial statements of the BCEMB have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

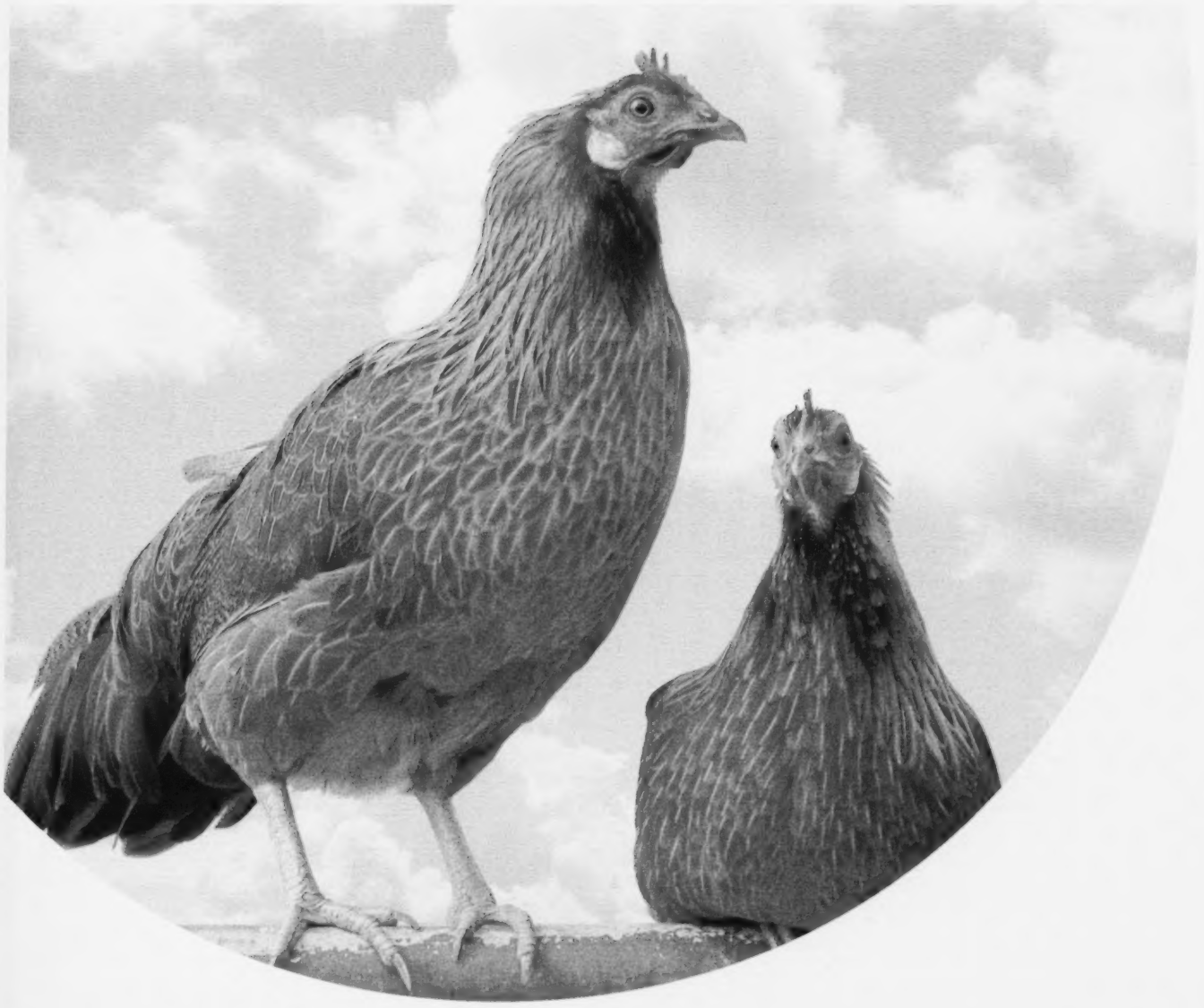
Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial statements are prepared in a timely manner.

The BCEMB maintains a system of internal accounting and administrative controls. They are designed to test the adequacy and consistency of internal controls, practices, and procedures. As independent auditors appointed by the Board of Directors, Meyers Norris Penny LLP has audited the financial statements of the BCEMB. The Auditor's Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the BCEMB.

Al Sakalauskas
General Manager
February 20, 2009

"The thing I appreciate most about being an egg farmer is being involved in a dynamic, stable, and a market responsive industry which provides choice and selection to consumers."

– AMYN ALIBHAI



"Consumers like to have a choice of eggs that suit their lifestyle."

– DWAYNE VANDERKOOI

BC Egg Marketing Board

Financial Statements

December 27, 2008

Auditors' Report

To the Members of BC Egg Marketing Board:

We have audited the statement of financial position of BC Egg Marketing Board as at December 27, 2008 and the statements of operations, net assets and cash flows for the 52 week period then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 27, 2008 and the results of its operations and its cash flows for the 52 week period then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Abbotsford, British Columbia

January 30, 2009

Chartered Accountants

BC Egg Marketing Board
Statement of Financial Position
As at December 27, 2008

	2008	2007
Assets		
Current		
Cash	**4,318,555**	5,324,862
Accounts receivable *(Note 3)*	**2,437,728**	2,910,934
Prepaid expenses and deposits	**53,576**	65,184
	6,809,859	8,300,980
Equipment *(Note 4)*	**159,468**	68,402
Long-term investments *(Note 5)*	**2,885,198**	2,746,001
	9,854,525	11,115,383
Liabilities		
Current		
Accounts payable and accruals	**336,403**	1,771,949
Accrued liabilities	**1,169,768**	509,267
Levies transferable to EFC	**563,521**	1,188,412
	2,069,692	3,469,628
Temporary restricted licensed quota refundable license fees	-	104,173
	2,069,692	3,573,801
Net Assets		
Investment in capital assets	**159,468**	68,402
Unrestricted	**7,625,365**	7,473,180
	7,784,833	7,541,582
	9,854,525	11,115,383

Commitments *(Notes 6 and 9)*

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board
Statement of Operations
For the 52 week period ended December 27, 2008

	2008	2007
Revenue		
Levies and license fees *(Note 7)*	**5,611,258**	5,906,314
Less: transferred to Western pool	**(228,441)**	(215,959)
	5,382,817	5,690,355
Sale of eggs to grading stations	**105,429,588**	95,155,091
Purchase of eggs from producers	**(105,409,954)**	(95,155,091)
Interest and sundry income	**305,113**	322,488
Total revenue	**5,707,564**	6,012,843
Expenses *(Schedule 1)*		
Administrative expenses	**1,892,902**	1,788,508
Board expenses	**727,080**	722,019
Marketing and communication expenses	**1,069,591**	862,276
Provincial industrial product and post farm gate costs	**2,146,059**	2,056,155
Total expenses	**5,835,632**	5,428,958
Excess (deficiency) of revenues over expenses before other items	**(128,068)**	583,885
Other items		
Other income	**371,314**	560,876
Other expenses	**-**	(2,284)
	371,314	558,592
Excess of revenues over expenses	**243,246**	1,142,477

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board
Statement of Changes in Net Assets
For the 52 week period ended December 27, 2008

	Investment in capital assets	*Unrestricted*	*2008*	*2007*
Net assets, beginning of year	68,402	7,473,185	**7,541,587**	6,399,105
Excess of revenues over expenses	-	243,246	**243,246**	1,142,477
Change in investment in capital assets	91,066	(91,066)	-	-
Net assets, end of year	**159,468**	**7,625,365**	**7,784,833**	7,541,582

The accompanying notes are an integral part of these financial statements

BC Egg Marketing Board
Statement of Cash Flows
For the 52 week period ended December 27, 2008

	2008	2007
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	**243,246**	1,142,477
Amortization	**48,688**	38,372
Bad debts	**97,153**	-
Equity (income) loss on investment	-	(897)
Income credited to investments	**(139,197)**	(24,105)
	249,890	1,155,847
Changes in working capital accounts		
Accounts receivable	**376,057**	196,852
Prepaid expenses and deposits	**11,608**	(2,761)
Accounts payable and accruals	**(1,435,546)**	(52,958)
Accrued liabilities	**660,501**	196,124
Levies transferable to EFC	**(624,891)**	(43,284)
Deferred levy revenue	-	(11,274)
	(762,381)	1,438,546
Financing activities		
TRQL refundable license fees	**(104,173)**	(71,173)
	(104,173)	(71,173)
Investing activities		
Purchase of capital assets	**(148,253)**	(22,359)
Proceeds on disposal of capital assets	**8,500**	-
Purchase of long-term investments	-	(1,625,000)
	(139,753)	(1,647,359)
Decrease in cash resources	**(1,006,307)**	(279,986)
Cash resources, beginning of year	**5,324,862**	5,604,848
Cash resources, end of year	**4,318,555**	5,324,862

The accompanying notes are an integral part of these financial statements

1. Incorporation and commencement of operations

The British Columbia Egg Marketing Board ("the Board") was established in 1967 under the *Authority of the Natural Products Marketing (B.C.) Act*. The Board operates under the British Columbia Egg Marketing Scheme, 1967, with respect to the control, management and promotion of the marketing of eggs in British Columbia.

The Board is the facilitating intermediary for the purchase and sale of eggs. Eggs are marketed through the Board. The Board exercises delegated functions on behalf of the Egg Farmers of Canada ("EFC") including the collection of their administration levies and industrial product removal levies and administration of various national egg movement programs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the following significant accounting policies:

Investments

The Board accounts for its 50% interest in Central Agricultural Facility Ltd. ("CAFL") using the equity method as the Board does not have Control of the investment – only a significant influence. Under the equity method, the investment is recorded at original cost plus the Board's share of undistributed earnings (loss) since inception. The statement of operations includes the Board's share of investee income or loss for the year.

The Board has designated it's advances to CAFL as loans and receivables and records them at amortized cost, which is equal to the carrying amount.

Equipment

Equipment is recorded at cost. Amortization has been provided in the accounts using the straight-line method at the following annual rates over the estimated useful life of the assets:

Computer equipment	20%-33%
Office Equipment	20%-33%
Automotive equipment	33%

Revenue recognition

Revenue from sales of eggs, including associated levies, are recognized on a weekly basis as the grading process is completed.

Marketing levies collected on the special permit birds are recognized as revenue when the associated services are provided and the related expenditures are incurred. Prepaid levies that have been collected for producers in advance of the related production week are recognized as revenue when the production week occurs.

Income taxes

The Board is registered as a not for profit organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes.

Employee future benefits

The Board's pension plan is a defined contribution plan and contributions are expensed as required.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

Held for trading

The Organization has classified the following financial assets and liabilities as held for trading: cash and deposits and long-term advances. These instruments are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the date. Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

Loans and receivables

The Organization has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Other financial liabilities

The Organization has classified the following financial liabilities as other financial liabilities: Accounts payable and accruals. These are initially recognized at their fair value.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Change in Accounting Policy

The Accounting Standards Board issued new accounting standard 1535, Capital Disclosures, which establishes standards for disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what is considered capital and whether an entity has complied with any capital disclosure requirements and consequences of non-compliance with such capital requirements. The standard is effective for reporting periods beginning on or after October 1, 2007. The Board applied the new accounting standard at the beginning of its current fiscal year and its implementation did not have an impact on the results of operations or financial position.

Recent Accounting Pronouncements

General standards of financial statement presentation

CICA Handbook Section 1400 General Standards of Financial Statement Presentation has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Board does not expect the adoption of these changes to have a material impact on its financial statements.

3. Accounts receivable

	2008	*2007*
Egg, levies and license fees	**2,437,728**	2,376,481
EFC – Other	**-**	534,453
Egg, levies and license fees	**2,437,728**	2,910,934

4. Equipment

	Cost	***Accumulated amortization***	***2008 Net book Value***	*2007 Net book value*
Automotive	**39,391**	**9,784**	**29,607**	-
Computer equipment	**138,148**	**54,257**	**83,891**	-
Office equipment	**177,403**	**131,433**	**45,970**	68,402
	354,942	**195,474**	**159,468**	68,402

5. Investment

The Board's investment in Central Agriculturally Facility Ltd. ("CAFL") includes the following:

	2008	*2007*
Shares – 50% interest	**1**	1
Advances without fixed terms of repayment or interest	**1,713,530**	1,563,789
Advances without fixed terms of repayment , including interest at prime less 1.75%	**1,300,000**	1,300,000
Equity loss since inception	**(128,333)**	(117,789)
	2,885,198	2,746,001

The Board used CAFL's December 31, 2008 financial statements to report its equity interest.

CAFL's condensed financial statements and the Board's 50% share are as follows:

December 31, 2008 Condensed Balance Sheet	*100%*	*50%*
Assets:		
Current assets	506,445	253,223
Capital assets	5,284,148	2,642,074
	5,790,593	2,895,297
Liabilities and Shareholders' Deficiency:		
Current liabilities	20,198	10,099
Due to shareholders	6,027,060	3,013,530
Shareholders deficiency	(256,667)	(128,334)
	5,790,591	2,895,295

December 31, 2008 Condensed Statement of Operations	*100%*	*50%*
Revenues	558,587	279,294
Expenses	579,675	289,838
Net Loss	(21,088)	(10,544)

December 31, 2008 Condensed statement of Cash Flows	*100%*	*50%*
Cash provided by (used in):		
Operations	75,563	37,781
Financing	0	0
Investing	(206,244)	(103,122)
Decrease in cash position	(130,681)	(65,341)

6. Line of Credit

The Board obtained an operating line of credit with the Royal Bank of Canada to purchase a building. The operating line entitles the Board to borrow a maximum of $500,000 with interest the bank prime rate, and is secured by all assets of the Board. The operating line was not utilized as of December 31, 2008.

7. Levies and license fees:

Levies are imposed on egg producers by the Board and the EFC. The Board acts as an agent to collect and remit levies to EFC. These levies are not included in revenue of the Board.

	2008	*2007*
Total levies and license fees collected from producers	**21,676,233**	24,641,564
Less: levies remitted to EFC	**(16,064,975)**	(18,735,250)
	5,611,258	5,906,314

8. Related party transactions

The Board provides operating grants to various Egg Producer Associations.

During the year the Board paid rent in the amount of $103,800 (2007-$103,800) to Central Agricultural Facility Ltd. ("CAFL"). In addition, the Board received interest income in the amount of $38,740 (2007 - 24,105) from CAFL.

9. Commitments

The Board rents its office premises from Central Agricultural Facility Ltd., a related party, on a month to month basis. Lease payments are $8,650 per month which amounts to 103,800 per year.

At December 27, 2008, the Board holds an outstanding Letter of Credit of $120,000.

10. Financial Instruments:

Fair Value:

The fair value of Board's cash, accounts receivable, accounts payable, accrued liabilities and levies transferable to EFC approximate their carrying amounts due to the short term nature of these amounts.

Credit Risk:

The Board is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. In addition, there is a concentration of transactions carried out with entities with similar economic conditions such that they could be similarly affected by changes in economic conditions. The Board does not directly hold any collateral such as security for financial obligations.

The Board believes that credit risk and concentration of credit risk are limited due to the quality of parties extended credit and the history the Board has with these entities. The Board maintains allowances for potential credit losses and any such losses to date have been within management's expectations. These allowances are determined by consideration of economic conditions, historical information, and accounts past. The allowance is calculated on a specific identification basis. Amounts subsequently recovered which were written off are credited to the allowance accounting in the period of recovery.

11. Pension plan

The Board's pension plans are administered by external parties and operate as defined contribution plans. Pension expense of approximately $47,000 (2007 - $52,000) has been included in salaries and benefits.

12. Capital disclosures

For its own purposes, The Board defines capital as the sum of net assets and invested in capital assets and unrestricted net assets. The Board is not subject to externally imposed requirements on capital. The Board's objectives when managing capital are to match generally the structure of its capital to the underlying nature and term of the assets being financed and to hold sufficient unrestricted net assets to enable it to withstand negative unexpected financial events in order to maintain stability in the financial structure. The Board holds cash and maintains a backup credit facility with a chartered bank to ensure sufficient liquidity.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Schedule 1 - Schedule of Expenses

	2008	2007
Administration expenses		
Amortization	**48,688**	38,372
Bad debts	**97,153**	-
Computer	**8,267**	-
Insurance	**21,164**	7,667
Legal	**91,113**	108,873
Miscellaneous	**27,975**	20,453
Professional development	**9,054**	-
Professional services	**197,277**	210,720
Rent	**103,800**	103,800
Repairs and maintenance	**2,053**	6,026
Salaries and benefits	**1,091,676**	1,166,947
Supplies and postage	**26,643**	26,586
Telephone	**23,618**	15,549
Travel	**144,421**	83,515
	1,892,902	1,788,508
Board expenses		
Board members	**422,399**	479,301
Annual general meeting	**43,889**	41,718
Association grants	**78,235**	78,235
Committees	**35,443**	33,617
Events	**31,658**	4,638
Memberships	**24,640**	24,300
Professional services	**27,689**	1,650
Research and scholarships	**63,127**	58,560
	727,080	722,019
Marketing and communication expenses		
Education expense	**10,741**	9,399
Memberships	**2,495**	1,475
Miscellaneous	**4,307**	-
Professional services -marketing	**81,150**	106,139
Professional services - communication	**81,121**	-
Public relations	**15,949**	-
Retail and food services program costs	**838,308**	724,303
Spot promotions, specialty egg and sundry	**22,321**	13,113
Travel - marketing	**9,226**	7,847
Travel - communication	**3,973**	-
	1,069,591	862,276

Schedule 1 - Schedule of Expenses *(cont'd)*

	2008	*2007*
Provincial industrial product and post farm gate costs:		
Industrial products costs	**17,870,909**	15,975,082
Farm pickup costs	**926,331**	893,346
Fowl removal	**647,258**	669,719
EFC recoveries	**(16,685,150)**	(14,830,880)
Fowl removal recoveries	**(624,439)**	(650,098)
Other	**11,150**	-
	2,146,059	2,056,155

"We're egg farmers. We love our chickens. That's what we do. We're egg farmers and we're proud of it"

– ROB MARTENS

Board of Directors

Richard King

Richard was born in Penticton and grew up in Victoria and Kelowna where he lives today. With a B.Sc. (Agriculture) from UBC, he began his working career in the forest industry and transferred to the Okanagan tree fruit industry in 1973 as a production and market planner at BC Tree Fruits Ltd.

Over the last 29 years Richard has held various management and executive positions with the fruit packing and marketing sector of the tree fruit industry as:

- General Manager of BC Fruit Packers
- President of Okanagan Federated Shippers Labour Relations Association
- President of the Tree Fruit Industry Research Group
- Director of the Canadian Horticultural Council
- Director of the Fruit and Vegetable Dispute Resolution Corporation

Richard retired from the corporate side of the tree fruit industry in 2005 to operate his 10-acre apple orchard and to complete a Master's Degree in Environmental Science, Economics, and Political Science at UBC Okanagan.

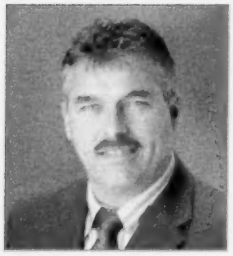
Richard was appointed as Chair of the BC Egg Marketing Board in October of 2008.

Fred Krahn

Fred Krahn was raised on a berry and poultry farm. Together with his brother, he expanded their layer operation to include broilers, turkeys, and hogs. Eventually, they also moved into the feed and feed processing business and, after a number of years, diversified into real estate, construction, and land development. His desire to see the BC egg industry become effective at the national level motivated Fred to become involved in marketing boards at their inception and, thus, Fred has served in various capacities, on numerous boards and associations including the BC Egg Marketing Board, BC Chicken Marketing Board, and Egg Farmers of Canada. Presently, he is a director on the BC Egg Marketing Board and serves on the Executive Committee of Egg Farmers of Canada. Fred and his wife, Judy, have three sons, one daughter and five grandchildren. They are pleased that the sons are all involved in the family business.

John Penner

John Penner was elected in March 2003 as Director of the BC Egg Marketing Board representing the Interior region. Farming has been the Penner family's livelihood since John's late father, Victor, founded their Abbotsford farm in 1966. In 1988, John and his wife, Janet, purchased the family farm followed by purchasing a layer operation in Sorrento in 1996 and another operation in Enderby in 1997. Community and family play an integral part in their lives. John has served on a number of non-profit organizations including the Abbotsford Fire Department. Soon after his involvement in egg production, he became active in the Egg Producers Association until his election to the Board. John and Janet continue to reside in Abbotsford. They have four children and eight grandchildren.



Walter Siemens

Walter Siemens has been an egg producer since 1986. Walter served in various capacities within the poultry industry, from director on the board of the BC Egg Marketing Board and provincial poultry associations to the executive committee for EFC. Additionally, he participated in the Investment Agriculture Foundation of BC and served on a local college board. He was actively involved during the 2004 avian influenza event in the Fraser Valley. This eventually led to his serving as Chair of the Industry Emergency Response Committee. Walt and his wife, Annette, have four children, two boys and two girls, ages 21, 18, 16 and 10, respectively.

Ken Vanderkooi

Ken Vanderkooi was elected as Director of the BC Egg Marketing Board in March 2002 and represents the Vancouver Island area. The Vanderkooi family has been involved in supply management since 1971, initially in the dairy industry until March 1994 when Ken and his wife, Henrietta, purchased an egg farm in Abbotsford, BC. In February 2002 they purchased another farm on Gabriola Island and over the years expanded their production on Vancouver Island where sons Dwayne and Jon manage and work the farms. Mr. Vanderkooi has developed extensive knowledge of egg production and has taken a keen interest in all aspects of the industry. Ken and Henrietta reside in Abbotsford.

Officers and Committees: 2008 - 2009

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CEMA Director ..... Fred Krahn

CEMA Alternate ..... Ken Vanderkooi

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..... Art Friesen
..... Ben Woike

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..... George Gray
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..... Jake Penner
..... Syd Pickerell
..... Walt Puetz
..... David Siemens
..... Ben Woike

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..... Grace Cho
..... Les Gammel
..... James Gunther
..... Brenda Sheffar
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..... Mike Walsh

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..... Steve Easterbrook
..... Darren Jansen
..... Walt Puetz
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..... Walter Siemens

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